

AUDIT MANUAL

Chapter 8

Bars

Sales and Use Tax



Department of Business Taxes

California State Board of Equalization

CHAPTER 8

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CHAPTER 8

BARS

0800.00

INTRODUCTION

0801.00

DEFINITION

0801.05

For purposes of this chapter, a bar is defined as any retail establishment serving alcoholic beverages. Exhibit 1 identifies the various types of alcoholic beverage retailers.

INSPECTION OF PREMISE

0801.10

Whenever possible, the auditor should inspect, and if practical, perform the audit at the business premises. When the audit is to be transferred to another district, a bar fact sheet and other significant information regarding the business should be prepared by the district in which the bar is located and forwarded with the assignment.

SPECIAL PROCEDURES

0801.15

Accounting records which appear on the surface to be adequate may not disclose the correct tax liability because not all sales have been recorded. Consequently, prudent tax auditing requires that the auditor also observe and evaluate factors outside the accounting records, such as the physical characteristics of the business premises, the type of patronage, the lifestyle of the taxpayer, etc. Such an approach is especially important in bar auditing. In this industry sales generally are for cash; the owners are often absent from the business premises; employee turnover may be high; consumption of alcoholic beverages, or distraction of employees by entertainment and conversations with customers may lead to carelessness; also internal controls and accounting systems are sometimes minimal.

Chapter 4 of the Audit Manual describes general auditing procedures which may be useful in any sales tax audit. Many of these procedures are applicable to audits of bars. However, additional procedures and techniques have been developed in response to problems which are peculiar to the bar industry. Most of these techniques and procedures involve quantitative analysis. They are described in the following sections.

AUDIT MANUAL

PRELIMINARY BAR AUDIT PROCEDURE

0802.00

GENERAL

0802.05

A preliminary review of the business operations is essential in bar auditing. The review procedures which follow are not intended to be a substitute for creative thinking and sound judgment on the part of the auditor. They are not inflexible, but should be accepted and used as guidelines in making a determination as to the accuracy of the recorded sales.

This kind of information should be included in the audit working papers to support the auditor's recommendation. Although the importance and utility of quantitative analysis in computing audit deficiencies cannot be discounted, such an approach should be used only when there are adequate reasons for disregarding the taxpayer's recorded sales.

BUSINESS LOCATION, FACILITIES AND PATRONAGE

0802.10

The auditor should note and evaluate the character of the area in which the business is located (residential, industrial, urban, suburban, depressed, middle class, etc.), the physical facilities used in the business (number of cash registers, number of tables, dance floor, age and condition of equipment and furnishings, etc.), and the general nature of the customers (neighborhood residents, businessmen, etc.). This kind of information often indicates the volume of sales, size of drinks, types of drinks, and selling prices which might be expected. It may also be useful in estimating cocktail sales, "Happy Hour" sales, and self consumption.

EMPLOYEE INFORMATION

0802.15

Through discussion with the taxpayer or his representatives, and by examining available records, the auditor should determine the number of paid bartenders and waitresses, the shifts worked by each, the rate of employee turnover, the level of salaries, and whether any employees have been discharged for dishonesty. Such information is valuable in judging the existence of any employee theft.

COMPLIMENTARY AND EMPLOYEE DRINK POLICY

0802.20

Through discussion with the taxpayer and by reference to written directives to employees, if such documents are available, the auditor should determine the taxpayer's policy regarding employees consuming free drinks and providing complimentary drinks to customers. Such information is useful in estimating self consumed merchandise and may also provide some insight into the degree of care exercised by employees in pouring drinks, ringing up sales, etc.

ADEQUACY AND COMPLETENESS OF RECORDS

0802.25

The auditor should include comments in his working papers describing the procedures used by the taxpayer to record his business transactions and whether the records available for audit were complete, including bank statements, cancelled checks, cash register tapes, etc. Cash register tapes are an important part of the records of a bar; for example, they may be used to support price changes, cocktail sales, "Happy Hour" sales, and price increases during periods when entertainment is provided.

INTERNAL CONTROLS**0802.30**

The existence, or lack, of comprehensive and effective internal controls is an extremely significant factor in tax audits of bars. If such controls have been combined with a sound accounting system it is very unlikely that recorded sales are understated, unless the records have been deliberately altered. The auditor should determine the extent and nature of internal controls through discussions with the owner or manager, observation, physical inspection, and examination of pertinent records.

The following suggest some of the internal controls used in the bar industry.

- a) Cash Controls
 - 1) Are cash register drawers closed after each sale?
 - 2) Do the cash registers print sales tickets?
 - 3) Are sales tickets given to customers?
 - 4) Is access to the register tapes restricted, and if so, to whom?
 - 5) Are the cash registers checked out at the end of each shift, and if so, by whom?
 - 6) If two or more bartenders work simultaneously, do they use the same or different cash registers?
 - 7) Are beginning and ending register transaction numbers compared?
 - 8) Are register tape tears matched?
 - 9) Are cash payments supported by receipts signed by the payee?
 - 10) If waitresses are employed, how are sales by them controlled?
 - 11) Is a shopping service retained to conduct periodic checks?
 - 12) Is the cash reconciled to the register tapes and deposited in the bank intact, and if so, at what intervals and by whom?
- b) Inventory Controls
 - 1) Is the inventory of alcoholic beverages stored in a locked stockroom?
 - 2) Who has access to the stockroom?
 - 3) Who restocks the bar from the stockroom inventory and at what intervals?
 - 4) Is a record maintained of stock removed from the stockroom?
 - 5) Are empty bottles from the bar exchanged for full bottles removed from the stockroom?
 - 6) Who checks incoming merchandise into the stockroom?
 - 7) Are the contents of incoming cases verified?
 - 8) At what intervals are physical inventories of merchandise in both the stockroom and the bar taken, and by whom?
 - 9) Are automatic liquor dispensing devices used?
 - 10) Is beginning bar inventory, plus stockroom withdrawals, less ending bar inventory periodically extended to retail prices and compared to recorded receipts?
 - 11) Does management demand a certain gross profit margin?
 - 12) Is a written record maintained of complimentary and self consumed drinks?

PROFIT AND LOSS STATEMENTS**0802.35**

Operating statements for the business, preferably from the income tax returns, should be analyzed for the audit period, and in some circumstances for several years prior to the audit period if available. If the net profit and return on invested capital is high, it is very difficult to refute recorded sales, or conclude that a tax deficiency exists, even if the markup reflected by the records is low. On the other hand, if the profit produced by the business does not constitute a reasonable return on the owner's invested time and capital, or the cash available from the business is insufficient to support the owner's life style, and he has no other income, it is possible that recorded sales and net profit are understated.

In analyzing the return on invested capital, the hours worked in the business by the owner and his family should be considered. What appears to be a reasonable profit and return on capital may in fact be compensation for long hours of work.

The cash available from the business consists of the net profit, depreciation, any increase in accounts payable, and any decrease in inventory, less purchases of assets to be depreciated, any decrease in accounts payable, and any increase in inventory. If the cash available from the business is insufficient to support the owner's life style, and the owner contends that the difference represents borrowing, or income from sources other than sales, he should be asked to substantiate such contentions.

BAR FACT SHEET

0802.40

The preparation of a Bar Fact Sheet (See Exhibit 2) is an essential preliminary step in any bar audit. The information to be entered on the Bar Fact Sheet should be secured from the owner or someone authorized to act on his behalf. The completed fact sheet should be read and signed by the person who provided the information. If someone other than the owner provided the information, the form should be read and signed by the owner.

The size of drinks reflected on the fact sheet should be consistent with the size of jiggers and glasses in use at the bar. If drink sizes were changed during the audit period, purchase invoices may be available which reflect purchases of jiggers or glasses in the new size. Changes in selling prices, sales at lower prices during "Happy Hours", and sales at higher prices when entertainment was provided can often be established from cash register tapes. If the audit is completed based on data which varies from the information on the Bar Fact Sheet, the reasons for such deviations should be fully documented in the audit working papers.

MARK UPS

0802.45

In a bar audit, consideration must be given to whether the records account for all merchandise which was available for sale. The auditor should abstract the sales and cost of sales figures from the taxpayers profit or loss statements and compute the markup on cost reflected by the records. This markup should be evaluated in terms of other information which has been developed, such as the data on the Bar Fact Sheet, and the auditor's experience with similar businesses, to determine whether the recorded sales are consistent with the established cost of merchandise sold.

To the extent that it is practical to do so, based on available records, the markup should be computed separately for each class of merchandise (beer, distilled spirits, food, etc.), for each year in the audit period rather than on a composite basis for the entire audit period.

BAR SHORT TEST

0802.50

A bar short test based on a limited examination of the taxpayer's records should assist the auditor in judging whether all sales have been recorded. This test should be made as part of the preliminary procedures in every audit of a bar, and is only as accurate as the information used to complete it.

A Bar Short Test Form should be used for this purpose.

ANALYSIS OF PRELIMINARY FINDINGS

0802.55

The information developed through procedures outlined in the preceding sections should be carefully evaluated by the auditor. If it is concluded that a tax deficiency exists, the auditor should proceed to establish the amount of the deficiency using generally accepted tax auditing procedures such as an analysis of bank deposits, gross profit and net worth analysis (See Sections 0405.25 and 0406.40).

If the use of these procedures is not practical, the auditor should resort to the use of the markup method of computing sales. However, use of the markup method must be supported as explained in the previous sections.

BARS

MARKUP METHOD OF COMPUTING SALES

0803.00

GENERAL

0803.05

The Board's authority to "go behind" the taxpayer's records is contemplated in Section 6481 of the Sales and Use Tax Law. The validity of the markup method of computing sales, when there is a basis for disregarding recorded sales, was sustained by the court in Maganini v Quinn, 99 Cal. App 2d.

The use of the markup method presumes the taxpayer's records are inadequate. The comments on the back of Form BOE-414-A, under the caption "Books and Records" (Section 0206.36), should explain why it was necessary to disregard the records. The comments should never indicate that the records were adequate when it was necessary to compute sales by the markup method. Such a comment is inconsistent with the use of the markup method.

ACCURACY

0803.10

The accuracy of the bar markup method depends upon the following factors:

- a) Correctness of cost of sales.
- b) Correctness of drink sizes and all selling prices.
- c) Accuracy of all calculations.
- d) Correct weighting of the various types of drinks and other merchandise sold.
- e) Adequacy of tests to determine the markups.

REASONABLENESS

0803.15

When an understatement of sales is computed using the markup method the result should meet acceptable standards of reasonableness and logic. The reasonableness of the computed understatement should be evaluated as a whole and as to the amount per month, the amount per day or shift, etc. It should be related to the taxpayer's life style, growth in assets, etc.

AUDIT WORKING PAPERS

0803.20

Audit working papers must include sufficient references so the audit schedules can be traced back into the taxpayer's records. For example, schedules of purchase invoices for test periods should include the name of the vendor, the invoice date, a description of each item of merchandise on the invoice, the number of units and the purchase price of each type of merchandise. (See Table 1). When facilities are available, this can be accomplished by making photocopies of the purchase invoices in the test period.

AUDIT MANUAL

COMPUTATION OF COST OF SALES

0804.00

GENERAL

0804.05

To correctly compute the cost of sales, it is necessary that the auditor determine:

- a) Beginning and ending inventories.
- b) Total purchases.
- c) Adjustments for self-consumed merchandise.
- d) Adjustments for losses.
- e) Whether mixes and supplies are included in purchases.

INVENTORIES

0804.10

Inventories, if supported by detailed work sheets, may be accepted as correct. If, however, inventories presented are not so supported and there is reason to believe they are mere estimates, it would be preferable to regard the inventories as being constant.

TOTAL PURCHASES

0804.15

When there is reason to believe the purchase records do not properly reflect total purchases, some or all of the following verification should be performed:

- a) Adjust for accounts payable fluctuations.
- b) Examine expense records to determine whether some purchases may have been concealed therein to improve the relationship between recorded purchases and reported sales.
- c) Review purchasing cycle. Are purchases made at regular intervals?
- d) Examine current purchase invoices to determine if all brands of liquor on taxpayer's shelves and inventory are represented on vendors' invoices of liquor purchases.
- e) In unusual cases it may be necessary to examine sales invoices of wholesale liquor dealers whose distributing areas include taxpayer's premises.
- f) Compare vendors' statements with invoices.
- g) Verify cash purchases.

QUANTITY DISCOUNTS

0804.25

The custom of the liquor industry is to periodically allow quantity discounts to retailers. Purchases are ordinarily recorded net of discount. In such cases the auditor should list the discounted price when scheduling purchases for the shelf test.

CREDIT REGULATIONS

0804.30

Section 25509 of the Alcoholic Beverage Control Act regulates credit on sales of distilled spirits and beer. When the retailer has not paid by the expiration of the 42nd day from date of delivery, the wholesaler must charge the retailer 1% of the unpaid balance on the 43rd day and an additional 1% for each 30 days thereafter. Any such delinquency charge is an interest charge and should not be included in audited purchases.

ADJUSTMENTS FOR SELF-CONSUMED MERCHANDISE

0804.35

Almost every bar has self consumed merchandise. Some of the more common uses are

- a) Gifts of package goods.
- b) Home consumption by owner(s).
- c) Drinks consumed by owner on premises.
- d) Drinks consumed by employees on premises.
- e) "Treating" customers.

BARS

(Cont.) 0804.35

Effect should always be given to self-consumed merchandise in auditing bars. Since taxpayers seldom maintain records of self-consumption, the auditor should, with the aid of the taxpayer, estimate the amount as realistically as possible. *When differences in self-consumed merchandise are established they should be shown separately in the audit report.*

SELF-CONSUMED MERCHANDISE DISCLAIMED

0804.40

Often a taxpayer, being fearful that he has committed an illegal act, will falsely tell the auditor he does not consume alcoholic beverages. The auditor should point out to the taxpayer the effect self-consumption has on sales computed by the markup method. If the taxpayer still insists he has not consumed beverages in any manner, no adjustment should be made for this item in computing sales.

SELF-CONSUMED MERCHANDISE OVER-REPORTED

0804.45

In some instances taxpayers report what appears to be an excessive amount of self-consumed merchandise. Auditors should in all cases verify the amounts reported and if it is determined the amount is excessive, the excess should be restored to the cost of sales for purposes of computing sales by the markup method.

Self-consumed merchandise is sometimes over-reported because it is rung up at the selling price and included in sales. These ringups should be eliminated from sales and only the cost considered as self-consumed merchandise.

ALCOHOLIC BEVERAGES USED IN COOKING

0804.50

Eliminate the cost of alcoholic beverages used for cooking meals for resale, if significant (The amount so used should not be included in measure of self-consumption as it is for resale.).

LOSSES BY THEFT OR FIRE

0804.55

Occasionally taxpayers will state that merchandise either has been stolen or destroyed by fire. The auditor should give effect to these claimed losses if the taxpayer can support them properly. In case of theft, a report to the police department, giving dates of theft and approximate loss sustained, is sufficient. In case of fire, the fire department report is adequate. Claims for both types of losses filed with insurance companies are additional sources of support for taxpayer's contentions. Losses of moneys received from sales by theft or pilferage cannot be allowed as the sale has already been made.

LOSSES RESULTING FROM AN ACT OF GOD

0804.60

Losses of this type are caused by earthquakes, floods, and hurricanes. In many instances the taxpayer will have insurance to cover such losses, and his settlement with the insurance company will be sufficient evidence of loss. In the event the taxpayer does not have insurance, a reasonable allowance should be made based upon any valid information obtainable.

AUDIT MANUAL

MIXES AND SUPPLIES

0804.65

The mixes and supplies listed below can be recorded either as supplies or as purchases. It is important in calculating the rate of markup that they be treated consistently, i.e., if included in taxpayer's purchases, they must be included as purchases in the test base. A more accurate result would be obtained, however, if they were excluded from both the test and purchases.

Mixes

- Ginger Ale
- Coca Cola
- 7-Up
- Soda Water
- Orange Juice
- Lemon Juice
- Sweet Vermouth
- Dry Vermouth

Supplies

- Cherries
- Olives
- Cocktail Onions
- Lemons
- Oranges
- Angostura Bitters
- Orange Bitters
- Grenadine Syrup

BARS

COMPUTATION OF SELLING PRICES

0805.00

MIXES SOLD AS BEVERAGES

0805.05

Almost all bars sell mixes (ginger ale, Coca-Cola, 7-Up, etc.) as soft drinks. If sales of these mixes are significant, they should be added to total sales of alcoholic beverages computed from the markup method. If a separate record of such sales is not maintained by the taxpayer, it will be necessary to compute the dollar value of these sales from any information available.

BARS PROVIDING ENTERTAINMENT

0805.10

Some bars increase their prices when entertainment is provided. The prices charged before and during entertainment should be noted on the Bar Fact Sheet and considered in making the audit. Following is a method for computation of average selling prices where increased entertainment prices are involved:

Selling Prices			Beer	Liquor
Before Entertainment			\$.60	\$.80
During Entertainment			.80	1.25
Average Selling Prices (See Below)			\$.655	\$.909
Assumed Sales				
Sales before Entertainment (Incl. Sales Tax)				\$20,000
Sales during Entertainment (Incl. Sales Tax)				\$10,000
Beer			No. Drinks	
\$20,000	÷	\$.60	= 33,333	
<u>10,000</u>	÷	.80	= <u>12,500</u>	
\$30,000	÷		45,833 = \$.655 = (Average Selling Price)	
Liquor			No. Drinks	
\$20,000	÷	\$.80	= 25,000	
<u>10,000</u>	÷	1.25	= <u>8,000</u>	
\$30,000	÷		33,000 = \$.909 = (Average Selling Price)	

HAPPY HOUR SALES

0805.15

Many bars, as a means of increasing patronage, feature a period in the late afternoon or early evening where drinks are sold either at a reduced price or a larger drink is served at the regular price. The sales during this so-called happy hour will yield a lower markup than regular sales. The auditor must give consideration to this in establishing the overall markup.

This situation is the reverse of the condition in the preceding section where the price of drinks are increased during the period of entertainment. However, if happy hour sales are segregated in the taxpayer's records, the average selling price per drink can be computed by using the formula illustrated above. Also see Section 0806.50.

SALES OF OFF-SALE BEER

0805.20

Effect must be given to off-premise sales of beer in six-can packs. These sales can be verified from purchases. Sales of single bottles of beer at a price less than charged at the bar must be supported by taxpayer.

PRICE CHANGES DURING AUDIT PERIOD

0805.25

Changes in prices will affect the markup. The auditor should determine the date and amount of any price changes. Ordinarily this information can be obtained from discussion with the owner, and in some instances can be supported by cash register tapes, menus, lists, etc.

AUDIT MANUAL

ESTABLISHING SIZE OF DRINK

0806.00

GENERAL

0806.05

Determining the size of drinks as accurately as possible cannot be over-emphasized. One or more of the following methods can be used as necessary.

Measurement of size of jigger.

Average pour test and discussion.

Undercover test.

FREE HAND POURING METHOD

0806.15

Free Hand pouring is a method by which liquor is poured directly from the bottle into the glass without using the jigger as a measuring device. A jigger may or may not be used as a pouring aid. Bartenders using this method are usually very proficient in consistently pouring the desired amount of liquor. There has been a trend to more free hand pouring in recent years.

JIGGER POURING METHOD

0806.20

The jigger pouring method uses the jigger as a measuring device for the amount of liquor prior to pouring it into the glass.

MEASUREMENT OF SIZE OF JIGGER

0806.25

This method assumes the size of the jigger represents the size of the drink poured. It is meaningless if the drinks are poured free hand.

The jigger size currently used should be determined through discussion with the taxpayer and/or bartenders. This should be verified by examining purchase invoices covering purchases of jiggers and by actual measurement with a pharmaceutical graduate.

If the taxpayer contends that larger sized jiggers were used in prior periods the auditor should require the taxpayer to furnish evidence in support of his contention.

AVERAGE POUR TEST AND DISCUSSION

0806.30

Comprehensive discussion with the taxpayer and/or bartender together with a pour test is necessary to determine the average size of drinks if they are poured free hand.

In making a pour test, the taxpayer and/or bartender is asked to pour one or more representative drinks. The size of the drink is then measured with a pharmaceutical graduate.

UNDERCOVER TEST

0806.40

The prior approval of the District or Subdistrict Principal Auditor is required for an undercover test.

When an undercover test is conducted a complete report must be prepared and included in the audit working papers. This report should include the date and time when the test was conducted, the name of the bartender, the approximate number of customers present, the type of drink, how it was measured, and other pertinent information.

The results of the test should be discussed with the taxpayer and/or bartender at the time it is completed.

OVERPOURING AND SPILLAGE

0806.42

After the size of the drink is established, an 8% overpouring and spillage allowance is given to the extent of total distilled spirits purchased. Use of the tables at the end of this chapter automatically provides for this allowance.

The liquor industry made a study and concluded that overpouring and spillage accounted for approximately 8% of total purchases of distilled spirits. There will be instances where the operator will claim that overpouring and spillage somewhat exceeds this amount. When confronted with this situation, the auditor must arrange for a pour test and or an undercover test to determine the amount of distilled spirits actually served.

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BARS

ALLOWANCE FOR COCKTAILS SERVED

0806.45

Cocktails usually contain more distilled spirits than mixed drinks or straight shots and the price charged may be higher. In some cases a cheaper brand of distilled spirits will be used for cocktails. If a considerable number of cocktails are sold, consideration thereto must be given in the audit. In many cases estimates by bartenders or owners may be sufficient to determine if such sales are material to the audit report. Sometimes the purchases of vodka and gin can be used to develop an estimate.

In addition to cocktails it may be necessary, on occasion to give consideration to drinks sold “over-the-rocks”, if it can be established by the taxpayer that the number of ounces served in these drinks exceeds the number of ounces served in mixed drinks. In some bars there may be a prevalence of drinks sold “over-the-rocks” in which case the sales would have a material effect on the audited amounts.

Markups established by audit should be based on the facts at hand. Adjustments for drinks sold “over-the-rocks” should be made only if the auditor’s analysis of the situation indicates that such adjustments are warranted. The reasons for allowing, or not allowing adjustments for drinks sold “over-the-rocks” should be noted in audit working papers.

ALLOWANCE FOR HAPPY HOUR SALES

0806.50

Some bars increase the size of drinks during a specific period of the day. The auditor must make allowance for this increased pour of distilled spirits during this period. If happy hour sales are separately stated in the records, the number of drinks served may be computed by using the formula in Section 0805.10. If not, the size and number of drinks served must be estimated from the best information obtainable.

DRAFT BEER-DRINK SIZE

0806.55

Bars selling draft beer sustain a loss of liquid by being unable to withdraw all beer from the half barrels. They further sustain a loss in drawing off each glass by the overpouring of foam. This loss, however, is more than offset by the “head” of foam that has formed in the glass when served to the customer. Depending on the height of the head and the shape of the glass, this gain can range from 1/2 ounce to 2 ounces.

Since the losses and gains vary from bar to bar, the auditor will be justified in considering the capacity of the glass to be the size of the drink served when computing draft beer markups.

COMPUTATION OF MARKUP

0807.00

GENERAL

0807.05

It is essential that the computed markup of purchases be as accurate as possible. If purchases are segregated by type of merchandise sold, a markup should be computed for each product in the test period. This markup can then be applied to each category of purchases for the entire audit period to determine total sales. If purchases are not segregated, it will be necessary to compute a weighted markup for a test period.

**PURCHASE INVOICES TO BE EXAMINED
FOR A REPRESENTATIVE PERIOD**

0807.10

Many bar operators buy merchandise in quantities to secure larger discounts. This may represent normal usage for three or even six months. Sufficient invoices must be examined to be sure a complete purchasing cycle has been covered, and that seasonal variations are considered.

PURCHASES TO BE GROUPED IN COMMON SALES CATEGORIES

0807.15

For ease in computing the weighted markup, purchases of items with like selling prices should be grouped together (Table 1). The markup can then be computed as illustrated in Table 2.

BARS

COMPUTATION OF TOTAL SALES

0808.00

GENERAL

0808.05

Total sales are determined by applying the computed weighted markup to the cost of goods sold for as long a period as possible for which the cost of goods sold is accurate. A percentage of error is calculated and applied to quarterly recorded taxable sales for the entire audit period

CHANGES THAT AFFECT MARKUP COMPUTATION

0808.10

The following changes will affect the weighted markup computation.

- Change in cost of liquor without a corresponding change in price of drinks.

- Change in size of drinks without corresponding change in price of drinks.

- Change in price of drinks without a corresponding change in cost of liquor and/or change in size of drink.

If any of the above changes are significant, it will be necessary to compute separate weighted markups for periods between changes.

DIFFERENCES BETWEEN COMPUTED AND RECORDED SALES

0808.15

When reported and recorded bar sales are different, a percentage of error must be computed by comparing audited with recorded bar sales. The percentage of error must be applied to quarterly recorded bar sales. Differences between reported and recorded bar sales, if not reconcilable, should be shown separately as unexplained differences.

Recorded taxable bar sales must exclude self-consumed merchandise, machine income, sales of equipment, and other miscellaneous income and sales. Sales including taxes should never be compared with sales ex-taxes.

PROCEDURE WHEN BAR HAS AN OFF-SALE LICENSE

0808.25

Many bars selling alcoholic beverages by the drink also have an "off-sale" license permitting them to sell these beverages by the bottle. Normally, separate cash registers are used to record the sales in the two departments, and separate recordings are made in the sales journal. In some instances, however, receipts from both departments are commingled, with an informal record being kept of off-sales.

The usual audit procedure is to reduce the recorded "off-sales" to cost and consider the balance of the cost of goods sold to have been sold "on sale", unless there is evidence to the contrary.

BARS SELLING AN APPRECIABLE AMOUNT OF FOOD

0808.30

In this type business, food and bar sales are normally segregated. In many of these places the premises where food is served is separated from the bar.

It is sometimes found that food served in the bar is rung up on the bar register and beverages served in the restaurant are rung up on the restaurant register. This can cause bar or restaurant markups to be too high or too low. If possible, recorded bar and restaurant sales should be adjusted for any such differences before markups are calculated.

If restaurant sales appear adequate, but bar sales do not, it is proper to mark up the bar cost of sales to determine bar sales.

EMPLOYEE MEALS AND TIPS

0808.35

Employee meals credited as part of the minimum wage (difference between the allowable minimum wage and the actual cash wage paid, if less) are taxable as part of the gross receipts of the employer.

Current information on State minimum wages is available from the local office of the Division of Industrial Welfare, Department of Industrial Relations, State of California. Information on Federal regulations can be secured from the Wage and Hour Division, Department of Labor, U. S. Government.

AUDIT MANUAL

TAXES INCLUDED IN SALES OF BEVERAGES

0809.00

SALES TAX

0809.05

Ordinarily bars do not make a separate charge for tax on alcoholic beverages sold. In setting the sales prices the bar owner has apparently taken sales tax into consideration, thereby complying with Section 6012 of the Law. For periods prior to January 1, 1979, if sales tax is added to the bar price when beverages are served at tables, or added to dinner checks, refer to Regulation 1700, Reimbursement for Sales Tax, for requirements of the deduction.

On and after January 1, 1979, certain presumptions concerning the addition of sales tax reimbursement are created by Civil Code Section 1656.1. It shall be presumed that the parties agreed to the addition of sales tax reimbursement to the sales price of tangible personal property sold at retail to a purchaser if certain conditions are met See Regulation 1700(a).

EXHIBITS AND TABLES

EXHIBIT 1

This exhibit shows the numerical codes for all types of retail alcoholic beverage licenses.

EXHIBIT 2

The bar fact sheet is to be used to document pertinent information about the operation of the bar. This information should be discussed and attested to by the owner.

TABLE 1

This illustrates a convenient method of analyzing purchases, prices and size of drinks to compute a weighted markup of distilled spirits sold.

TABLE 2

Illustrates the computation of a weighted markup for distilled spirits sold.

TABLES 3—6

These tables provide information for computing the proceeds and weighted markup of distilled spirits.

TABLES 7 AND 8

These tables provide information for computing the proceeds and markup on bottled and draft beer sold.

TABLES 9 AND 10

These tables provide the new metric standards and their U. S. size equivalents for wine and distilled spirits containers.

BARS
DESIGNATIONS FOR RETAIL ALCOHOLIC BEVERAGE LICENSES

EXHIBIT 1

<u>TYPE</u>	<u>DESCRIPTION</u>
20	Off-Sale Beer and Wine
21	Off-Sale General
30	Temporary Retail Permit
31	Temporary Beer and Wine
37	Daily On-Sale General
39	Special Off-Sale Beer and Wine
40	On-Sale Beer
41	On-Sale Beer and Wine — Eating Place
42	On-Sale Beer and Wine — Public Premise
43	On-Sale Beer and Wine — Train
44	On-Sale Beer — Fishing Party Boat
45	On-Sale Beer and Wine — Boat
46	On-Sale Beer and Wine — Airplane
47	On-Sale General — Eating Place
48	On-Sale General — Public Premise
49	On-Sale General — Seasonal
50	On-Sale General — Club Privilege
51	Club
52	Veteran's Club
53	On-Sale General — Train
54	On-Sale General — Boat
55	On-Sale General — Airplane
56	On-Sale General — 1000+ Ton Vessel
57	Special On-Sale General
58	Caterers' Permit
59	On-Sale Beer and Wine — Seasonal
60	On-Sale Beer — Seasonal
61	On-Sale Beer — Public Premise
62	On-Sale General — Dockside License 10,000+ Ton Vessels
63	On-Sale Special Beer and Wine — Hospitals, Convalescent and Rest Homes

AUDIT MANUAL

BAR FACT SHEET

EXHIBIT 2

BT-1311-B REV. 2 (11-75)

BAR FACT SHEET

STATE BOARD OF EQUALIZATION
DEPARTMENT OF BUSINESS TAXES

Name _____ Account No. _____

DBA _____ Auditor _____

Period _____ 19 ____ to _____ 19 ____ Date _____

CONTAINER	SIZE	OUNCES SERVED	SIZE	OUNCES SERVED	SELF-CONSUMED MERCHANDISE COST PER MONTH () OR PER DAY ()	DISTILLED SPIRITS	BEER
Free Pour	_____	_____	_____	_____	EMPLOYER Self-Consumed _____ Take Home _____ Treating Customers _____	_____	_____
Pouring Jigger	_____	_____	_____	_____		_____	_____
Shot Glass	_____	_____	_____	_____		_____	_____
Highball Glass	_____	_____	_____	_____	EMPLOYEE: Self-Consumed _____ Treating Customers _____ Other _____	_____	_____
Highball Glass	_____	_____	_____	_____		_____	_____
Rocks Glass	_____	_____	_____	_____		_____	_____
Cocktail Glass	_____	_____	_____	_____		_____	_____
Draft Glass	_____	_____	_____	_____		_____	_____
Draft Pitcher	_____	_____	_____	_____		_____	_____
Wine Glass	_____	_____	_____	_____		_____	_____

SELLING PRICES PER DRINK

	REG	HH	ENT	REG	HH	ENT	Draft Beer	REG	HH	ENT
Bar Whiskey	_____	_____	_____	_____	_____	_____	_____ oz. Glass	_____	_____	_____
Bar Scotch	_____	_____	_____	_____	_____	_____	_____ oz. Glass	_____	_____	_____
Bar Gin	_____	_____	_____	_____	_____	_____	_____ oz. Pitcher	_____	_____	_____
Bar Vodka	_____	_____	_____	_____	_____	_____	_____ oz. Pitcher	_____	_____	_____
Call Blended	_____	_____	_____	_____	_____	_____	Bottled — Regular	_____	_____	_____
Call Straights	_____	_____	_____	_____	_____	_____	7 oz.	_____	_____	_____
Canadian	_____	_____	_____	_____	_____	_____	11 & 12 oz.	_____	_____	_____
Call Scotch	_____	_____	_____	_____	_____	_____	Bottled — Premium	_____	_____	_____
Call Gin	_____	_____	_____	_____	_____	_____	7 oz.	_____	_____	_____
Call Vodka	_____	_____	_____	_____	_____	_____	11 & 12 oz.	_____	_____	_____
Cocktails	_____	_____	_____	_____	_____	_____	Off-Sale 6-Pak	_____	_____	_____
Over Rocks	_____	_____	_____	_____	_____	_____	11 & 12 oz.	_____	_____	_____
Rum	_____	_____	_____	_____	_____	_____	15 & 16 oz.	_____	_____	_____
Brandy	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Wine	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Liqueurs	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

QUESTIONS ABOUT OPERATIONS DURING AUDIT PERIOD

	YES	NO		YES	NO
1. Did glass size change?	_____	_____	6. Were there any thefts or fire loss?	_____	_____
2. Did prices change?	_____	_____	7. Are appropriate tax reimbursement notices displayed per Regulation 1700?	_____	_____
3. Automatic liquor dispenser in use?	_____	_____	8. Who reports cigarette vending receipts?	_____	_____
a. For what periods? _____			9. How are charge sales handled? _____		
b. What distilled spirits? _____			10. Other remarks: _____		
c. For what pour set? _____					
4. Was there a Happy Hour?	_____	_____			
a. What hours? _____					
b. What % of sales? _____					
c. Are cash register tapes available?	_____	_____			
5. a. % of cocktail sales to total sales? _____					
b. % of rocks sales to total sales? _____					

I certify that I have reviewed the above data and that to the best of my knowledge it is accurate and complete.

Signature of Owner or Authorized Agent

Owner's Approval

Date

DISTILLED SPIRITS PURCHASE ANALYSIS

BARS

TABLE 1

ANALYSIS OF DISTILLED SPIRITS PURCHASES — CALENDAR YEAR 19XX
Classified by Sales Price

Date	Invoice No.	Vendor	Brand	\$ 0.80				\$ 1.00				\$ 1.25				Cost*
				1/5	Qt.	750 ml.	Ltr.	1/5	Qt.	750 ml.	Ltr.	1/5	Qt.	750 ml.	Ltr.	
1/ 6/xx	1-295	ABC Distributors, Inc.	Kessler		120											\$ 790.80
1/ 6/xx	1-295	ABC Distributors, Inc.	Ten High		60											359.40
1/ 6/xx	1-295	ABC Distributors, Inc.	Canadian Club							84						671.16
1/ 6/xx	1-295	ABC Distributors, Inc.	Whitehorse Scotch											12		89.88
1/ 6/xx	1-295	ABC Distributors, Inc.	Old Grandd										3			26.37
2/13/xx	2-397	ABC Distributors, Inc.	Glenmore						60							341.40
2/13/xx	2-397	ABC Distributors, Inc.	Seagrams 7 Crown						60							419.40
2/13/xx	2-397	ABC Distributors, Inc.	Ancient Age						48							335.52
2/13/xx	2-397	ABC Distributors, Inc.	Ballentine Scotch									24				179.76
2/16/xx	1355	XYZ Distributing Co.	Smirnoff Vodka	6												32.94
2/16/xx	1355	XYZ Distributing Co.	Fleischmans Gin		60											359.40
3/20/xx	3-496	ABC Distributors, Inc.	Kessler		120											790.80
3/20/xx	3-496	ABC Distributors, Inc.	Ten High		120											718.80
3/20/xx	3-496	ABC Distributors, Inc.	Canadian Club							60						479.40
3/23/xx	1521	XYZ Distributing Co.	Gordon's Gin		12											77.88
3/23/xx	1521	XYZ Distributing Co	Gilbey's Vodka		60											299.40
12/30/xx	12-651	ABC Distributors, Inc.	White Horse Scotch											24		179.76
12/30/xx	12-651	ABC Distributors, Inc.	Ballentine Scotch									48				359.52
12/30/xx	12-651	ABC Distributors, Inc.	Jim Beam						60							419.40
12/30/xx	12-651	ABC Distributors, Inc.	Ten High		180											1,078.20
* Net of discounts				36	2,160	18	12	120	684	482	28	380	84	520	52	30,926.04
Total																

AUDIT MANUAL
DISTILLED SPIRITS WEIGHTED MARKUP

TABLE 2

COMPUTATION OF WEIGHTED MARKKUP — CALENDAR YEAR 19XX

Bottle Size	Number of Bottles	Price per Drink	Sales price per bottle*	Total Sales
Fifths	36	\$ 0.80	\$ 18.84	\$ 678.24
Quarts	2,160	.80	23.55	50,868.00
750 ml.	18	.80	18.66	335.88
Liters	12	.80	24.89	298.68
Fifths	120	1.00	23.55	2,826.00
Quarts	684	1.00	29.44	20,136.96
750 ml.	482	1.00	23.33	11,245.06
Liters	28	1.00	31.11	871.08
Fifths	380	1.25	29.44	11,187.20
Quarts	84	1.25	36.80	3,091.20
750 ml.	520	1.25	29.16	15,163.20
Liters	52	1.25	38.89	2,022.28
Total Sales				118,723.78
Cost of Sales				30,926.04
Gross Profit				<u>87,797.74</u>
Weighted Markup				283.90%

* 1oz. jigger used

BARS
PROCEEDS FROM SALES FROM FIFTH BOTTLES

TABLE 3

PROCEEDS ANTICIPATED FROM SALE OF DRINKS — 1 FIFTH BOTTLE

	JIGGER SIZE												
	3/4 oz	7/8 oz	1 oz	1 1/8 oz	1 1/4 oz	1 3/8 oz	1 1/2 oz	1 5/8 oz	1 3/4 oz	1 7/8 oz	2 oz	2 1/8 oz	2 1/4 oz
Drinks in Bottle (fifth)	34.13	29.26	25.60	22.76	20.48	18.62	17.07	15.75	14.63	13.65	12.80	12.05	11.38
8% Spillage and overpouring allowance	2.73	2.34	2.05	1.82	1.64	1.49	1.37	1.26	1.17	1.09	1.02	.96	.91
Net Drinks	31.40	26.92	23.55	20.94	18.84	17.13	15.70	14.49	13.46	12.56	11.78	11.09	10.47
Price per Drink													
\$ 0.65	\$20.41	\$17.50	\$15.31	\$13.61	\$12.25	\$11.13	\$10.21	\$ 9.42	\$ 8.75	\$ 8.16	\$ 7.66	\$ 7.21	\$ 6.81
0.70	21.98	18.84	16.49	14.66	13.19	11.99	10.99	10.14	9.42	8.79	8.25	7.76	7.33
0.75	23.55	20.19	17.66	15.71	14.13	12.85	11.78	10.87	10.09	9.42	8.84	8.32	7.85
0.80	25.12	21.54	18.84	16.75	15.07	13.70	12.56	11.59	10.77	10.05	9.42	8.87	8.38
0.85	26.69	22.88	20.02	17.80	16.01	14.56	13.35	12.32	11.44	10.68	10.01	9.43	8.90
0.90	28.26	24.23	21.20	18.85	16.96	15.42	14.13	13.04	12.11	11.30	10.60	9.98	9.42
0.95	29.83	25.57	22.37	19.89	17.90	16.27	14.92	13.77	12.79	11.93	11.19	10.54	9.95
1.00	31.40	26.92	23.55	20.94	18.84	17.13	15.70	14.49	13.46	12.56	11.78	11.09	10.47
1.05	32.97	28.27	24.73	21.99	19.78	17.99	16.49	15.21	14.13	13.19	12.37	11.64	10.99
1.10	34.54	29.61	25.91	23.03	20.72	18.84	17.27	15.94	14.81	13.82	12.26	12.20	11.52
1.15	36.11	30.96	27.08	24.08	21.67	19.70	18.06	16.66	15.48	14.44	13.55	12.75	12.04
1.20	37.68	32.30	28.26	25.13	22.61	20.56	18.84	17.39	16.15	15.07	14.14	13.31	12.56
1.25	39.25	33.65	29.44	26.18	23.55	21.41	19.63	18.11	16.83	15.70	14.73	13.86	13.09
1.30	40.82	35.00	30.62	27.22	24.49	22.27	20.41	18.84	17.50	16.33	15.31	14.42	13.61
1.35	42.39	36.34	31.79	28.27	25.43	23.13	21.20	19.56	18.17	16.96	15.90	14.97	14.13
1.40	43.96	37.69	32.97	29.32	26.38	23.98	21.98	20.29	18.84	17.58	16.49	15.53	14.66
1.45	45.53	39.03	34.15	30.36	27.32	24.84	22.77	21.01	19.52	18.21	17.08	16.08	15.18
1.50	47.10	40.38	35.33	31.41	28.26	25.70	23.55	21.74	20.19	18.84	17.67	16.64	15.71
1.55	48.67	41.73	36.50	32.46	29.20	26.55	24.34	22.46	20.86	19.47	18.26	17.19	16.23
1.60	50.24	43.07	37.68	33.50	30.14	27.41	25.12	23.18	21.54	20.10	18.85	17.74	16.75
1.65	51.81	44.42	38.86	34.55	31.09	28.26	25.91	23.91	22.21	20.72	19.44	18.30	17.28
1.70	53.38	45.76	40.04	35.60	32.03	29.12	26.69	24.63	22.88	21.35	20.03	18.85	17.80
1.75	54.95	47.11	41.21	36.65	32.97	29.98	27.48	25.36	23.56	21.98	20.62	19.41	18.32
1.80	56.52	48.46	42.39	37.69	33.91	30.83	28.26	26.08	24.23	22.61	21.20	19.96	18.85
1.85	58.09	49.80	43.57	38.74	34.85	31.69	29.05	26.81	24.90	23.24	21.79	20.52	19.37
1.90	59.66	51.15	44.75	39.79	35.80	32.55	29.83	27.53	25.57	23.86	22.38	21.07	19.89
1.95	61.23	52.49	45.92	40.83	36.74	33.40	30.62	28.26	26.25	24.49	22.97	21.63	20.42
2.00	62.80	53.84	47.10	41.88	37.68	34.26	31.40	28.98	26.92	25.12	23.56	22.18	20.94
2.25	70.65	60.57	52.99	47.12	42.39	38.54	35.33	32.60	30.29	28.26	26.51	24.95	23.56
2.50	78.50	67.30	58.88	52.35	47.10	42.83	39.25	36.23	33.65	31.40	29.45	27.73	26.18
2.75	86.35	74.03	64.76	57.59	51.81	47.11	43.18	39.85	37.02	34.54	32.40	30.50	28.79
3.00	94.20	80.76	70.65	62.82	56.52	51.39	47.10	43.47	40.38	37.68	35.34	33.27	31.41

PROCEEDS FROM SALES FROM QUART BOTTLES

TABLE 4

PROCEEDS ANTICIPATED FROM SALE OF DRINKS — 1 QUART BOTTLE

	JIGGER SIZE												
	3/4 oz	7/8 oz	1 oz	1 1/8 oz	1 1/4 oz	1 3/8 oz	1 1/2 oz	1 5/8 oz	1 3/4 oz	1 7/8 oz	2 oz	2 1/8 oz	2 1/4 oz
Drinks in Bottle (quart) 8% Spillage and overpouring allowance Net Drinks Price per Drink	42.67	36.57	32.00	28.44	25.60	23.27	21.33	19.69	18.28	17.07	16.00	15.06	14.22
	3.41	2.93	2.56	2.28	2.05	1.86	1.71	1.58	1.46	1.37	1.28	1.20	1.14
	39.26	33.64	29.44	26.16	23.55	21.41	19.62	18.11	16.82	15.70	14.72	13.86	13.08
\$0.65	\$25.52	\$21.87	\$19.14	\$17.00	\$15.31	\$13.92	\$12.75	\$11.77	\$10.93	\$10.21	\$ 9.57	\$ 9.01	\$ 8.50
0.70	27.48	23.55	20.61	18.31	16.49	14.99	13.73	12.68	11.77	10.99	10.30	9.70	9.16
0.75	29.45	25.23	22.08	19.62	17.66	16.06	14.72	13.58	12.61	11.78	11.04	10.39	9.81
0.80	31.41	26.91	23.55	20.93	18.84	17.13	15.70	14.49	13.46	12.56	11.78	11.09	10.46
0.85	33.37	28.59	25.02	22.24	20.02	18.20	16.68	15.39	14.30	13.35	12.51	11.78	11.12
0.90	35.33	30.28	26.50	23.54	21.20	19.27	17.66	16.30	15.14	14.13	13.25	12.47	11.77
0.95	37.30	31.96	27.97	24.85	22.37	20.34	18.64	17.20	15.98	14.92	13.98	13.17	12.43
1.00	39.26	33.64	29.44	26.16	23.55	21.41	19.62	18.11	16.82	15.70	14.72	13.86	13.08
1.05	41.22	35.32	30.91	27.47	24.73	22.48	20.60	19.02	17.66	16.49	15.46	14.55	13.73
1.10	43.19	37.00	32.38	28.78	25.91	23.55	21.58	19.92	18.50	17.27	16.19	15.25	14.39
1.15	45.15	38.69	33.86	30.08	27.08	24.62	22.56	20.83	19.34	18.06	16.93	15.94	15.04
1.20	47.11	40.37	35.33	31.39	28.26	25.69	23.54	21.73	20.18	18.84	17.66	16.63	15.70
1.25	49.08	42.05	36.80	32.70	29.44	26.76	24.53	22.64	21.03	19.63	18.40	17.33	16.35
1.30	51.04	43.73	38.27	34.01	30.62	27.83	25.51	23.54	21.87	20.41	19.14	18.02	17.00
1.35	53.00	45.41	39.74	35.32	31.79	28.90	26.49	24.45	22.71	21.20	19.87	18.71	17.66
1.40	54.96	47.10	41.22	36.62	32.97	29.97	27.47	25.35	23.55	21.98	20.61	19.40	18.31
1.45	56.93	48.78	42.69	37.93	34.15	31.04	28.45	26.26	24.39	22.77	21.34	20.10	18.97
1.50	58.89	50.46	44.16	39.24	35.33	32.12	29.43	27.17	25.23	23.55	22.08	20.79	19.62
1.55	60.85	52.14	45.63	40.55	36.50	33.19	30.41	28.07	26.07	24.34	22.82	21.48	20.27
1.60	62.82	53.82	47.10	41.86	37.68	34.26	31.39	28.98	26.91	25.12	23.55	22.18	20.93
1.65	64.78	55.51	48.58	43.16	38.86	35.33	32.37	29.88	27.75	25.91	24.29	22.87	21.58
1.70	66.74	57.19	50.05	44.47	40.04	36.40	33.35	30.79	28.59	26.69	25.02	23.56	22.24
1.75	68.71	58.87	51.52	45.78	41.21	37.47	34.34	31.69	29.44	27.48	25.76	24.26	22.89
1.80	70.67	60.55	52.99	47.09	42.39	38.54	35.32	32.60	30.28	28.26	26.50	24.95	23.54
1.85	72.63	62.23	54.46	48.40	43.57	39.61	36.30	33.50	31.12	29.05	27.23	25.64	24.20
1.90	74.59	63.92	55.94	49.70	44.75	40.68	37.28	34.41	31.96	29.83	27.97	26.33	24.85
1.95	76.56	65.60	57.41	51.01	45.92	41.75	38.26	35.31	32.80	30.62	28.70	27.03	25.51
2.00	78.52	67.28	58.88	52.32	47.10	42.82	39.24	36.22	33.64	31.40	29.44	27.72	26.16
2.25	88.34	75.69	66.24	58.86	52.99	48.17	44.15	40.75	37.85	35.33	33.12	31.19	29.43
2.50	98.15	84.10	73.60	65.40	58.88	53.53	49.05	45.28	42.05	39.25	36.80	34.65	32.70
2.75	107.97	92.51	80.96	71.94	64.76	58.88	53.96	49.80	46.26	43.18	40.48	38.12	35.97
3.00	117.78	100.92	88.32	78.48	70.65	64.23	58.86	54.33	50.46	47.10	44.16	41.58	39.24

PROCEEDS FROM SALES FROM 750ML BOTTLES

TABLE 5

PROCEEDS ANTICIPATED FROM SALE OF DRINKS — 1 750ML BOTTLE

	JIGGER SIZE												
	3/4 oz	7/8 oz	1 oz	1 1/8 oz	1 1/4 oz	1 3/8 oz	1 1/2 oz	1 5/8 oz	1 3/4 oz	1 7/8 oz	2 oz	2 1/8 oz	2 1/4 oz
Drinks in Bottle (750ml)	33.81	28.98	25.36	22.54	20.29	18.44	16.91	15.61	14.49	13.53	12.68	11.93	11.27
8% Spillage and overpouring allowance	2.70	2.32	2.03	1.80	1.62	1.48	1.35	1.25	1.16	1.08	1.01	.95	.90
Net Drinks	31.11	26.66	23.33	20.74	18.67	16.96	15.56	14.36	13.33	12.45	11.67	10.98	10.37
Price per Drink													
\$0.65	\$20.22	\$17.33	\$15.16	\$13.48	\$12.14	\$11.02	\$10.11	\$ 9.33	\$ 8.66	\$ 8.09	\$ 7.59	\$ 7.14	\$ 6.74
0.70	21.78	18.66	16.33	14.52	13.07	11.87	10.89	10.05	9.33	8.72	8.17	7.69	7.26
0.75	23.33	20.00	17.50	15.56	14.00	12.72	11.67	10.77	10.00	9.34	8.75	8.24	7.78
0.80	24.89	21.33	18.66	16.59	14.94	13.57	12.45	11.49	10.66	9.96	9.34	8.78	8.30
0.85	26.44	22.66	19.83	17.63	15.87	14.42	13.23	12.21	11.33	10.58	9.92	9.33	8.81
0.90	28.00	23.99	21.00	18.67	16.80	15.26	14.00	12.92	12.00	11.21	10.50	9.88	9.33
0.95	29.55	25.33	22.16	19.70	17.74	16.11	14.78	13.64	12.66	11.83	11.09	10.43	9.85
1.00	31.11	26.66	23.33	20.74	18.67	16.96	15.56	14.36	13.33	12.45	11.67	10.98	10.37
1.05	32.67	27.99	24.50	21.78	19.60	17.81	16.34	15.08	14.00	13.07	12.25	11.53	10.89
1.10	34.22	29.33	25.66	22.81	20.54	18.66	17.12	15.80	14.66	13.70	12.84	12.08	11.41
1.15	35.78	30.66	26.83	23.85	21.47	19.50	17.89	16.51	15.33	14.32	13.42	12.63	11.93
1.20	37.33	31.99	28.00	24.89	22.40	20.35	18.67	17.23	16.00	14.94	14.00	13.18	12.44
1.25	38.89	33.33	29.16	25.93	23.34	21.20	19.45	17.95	16.66	15.56	14.59	13.73	12.96
1.30	40.44	34.66	30.33	26.96	24.27	22.05	20.23	18.67	17.33	16.19	15.17	14.27	13.48
1.35	42.00	35.99	31.50	28.00	25.20	22.90	21.01	19.39	18.00	16.81	15.75	14.82	14.00
1.40	43.55	37.32	32.66	29.04	26.14	23.74	21.78	20.10	18.66	17.43	16.34	15.37	14.52
1.45	45.11	38.66	33.83	30.07	27.07	24.59	22.56	20.82	19.33	18.05	16.92	15.92	15.04
1.50	46.67	39.99	35.00	31.11	28.01	25.44	23.34	21.54	20.00	18.68	17.51	16.47	15.56
1.55	48.22	41.32	36.16	32.15	28.94	26.29	24.12	22.26	20.66	19.30	18.09	17.02	16.07
1.60	49.78	42.66	37.33	33.18	29.87	27.14	24.90	22.98	21.33	19.92	18.67	17.57	16.59
1.65	51.33	43.99	38.49	34.22	30.81	27.98	25.67	23.69	21.99	20.54	19.26	18.12	17.11
1.70	52.89	45.32	39.66	35.26	31.74	28.83	26.45	24.41	22.66	21.17	19.84	18.67	17.63
1.75	54.44	46.66	40.83	36.30	32.67	29.68	27.23	25.13	23.33	21.79	20.42	19.22	18.15
1.80	56.00	47.99	41.99	37.33	33.61	30.53	28.01	25.85	23.99	22.41	21.01	19.76	18.67
1.85	57.55	49.32	43.16	38.37	34.54	31.38	28.79	26.57	24.66	23.03	21.59	20.31	19.18
1.90	59.11	50.65	44.33	39.41	35.47	32.22	29.56	27.28	25.33	23.66	22.17	20.86	19.70
1.95	60.66	51.99	45.49	40.44	36.41	33.07	30.34	28.00	25.99	24.28	22.76	21.41	20.22
2.00	62.22	53.32	46.66	41.48	37.34	33.92	31.12	28.72	26.66	24.90	23.34	21.96	20.74
2.25	70.00	59.98	52.49	46.66	42.01	38.16	35.01	32.31	29.92	28.01	26.26	24.70	23.33
2.50	77.78	66.65	58.32	51.85	46.68	42.40	38.90	35.90	33.32	31.12	29.18	27.45	25.92
2.75	85.55	73.32	64.16	57.04	51.34	46.64	42.79	39.49	36.66	34.24	32.09	30.20	28.52
3.00	93.33	79.98	69.99	62.22	56.01	50.88	46.68	43.08	39.99	37.35	35.01	32.94	31.11

PROCEEDS FROM SALES FROM LITER BOTTLES

TABLE 6

PROCEEDS ANTICIPATED FROM SALE OF DRINKS — 1 LITER BOTTLE

	JIGGER SIZE												
	3/4 oz	7/8 oz	1 oz	1 1/8 oz	1 1/4 oz	1 3/8 oz	1 1/2 oz	1 5/8 oz	1 3/4 oz	1 7/8 oz	2 oz	2 1/8 oz	2 1/4 oz
Drinks in Bottle (liter)	45.09	38.65	33.81	30.06	27.05	24.59	22.54	20.81	19.32	18.03	16.91	15.91	15.03
8% Spillage and overpouring allowance	3.61	3.09	2.70	2.40	2.16	1.97	1.80	1.66	1.55	1.44	1.35	1.27	1.20
Net Drinks	41.48	35.56	31.11	27.66	24.89	22.62	20.74	19.15	17.77	16.59	15.56	14.64	13.83
Price per Drink													
\$0.65	\$26.96	\$23.11	\$20.22	\$17.98	\$16.18	\$14.70	\$13.48	\$12.45	\$11.55	\$10.78	\$10.11	\$ 9.52	\$ 8.99
0.70	29.04	24.89	21.78	19.36	17.42	15.83	14.52	13.41	12.44	11.61	10.89	10.25	9.68
0.75	31.11	26.67	23.33	20.75	18.67	16.97	15.56	14.36	13.33	12.44	11.67	10.98	10.37
0.80	33.18	28.45	24.89	22.13	19.91	18.10	16.59	15.32	14.22	13.27	12.45	11.71	11.06
0.85	35.26	30.23	26.44	23.51	21.16	19.23	17.63	16.28	15.10	14.10	13.23	12.44	11.76
0.90	37.33	32.00	28.00	24.89	22.40	20.36	18.67	17.24	15.99	14.93	14.00	13.18	12.45
0.95	39.41	33.78	29.55	26.28	23.65	21.49	19.70	18.19	16.88	15.76	14.78	13.91	13.14
1.00	41.48	35.56	31.11	27.66	24.89	22.62	20.74	19.15	17.77	16.59	15.56	14.64	13.83
1.05	43.55	37.34	32.67	29.04	26.13	23.75	21.78	20.11	18.66	17.42	16.34	15.37	14.52
1.10	45.63	39.12	34.22	30.43	27.38	24.88	22.81	21.07	19.55	18.25	17.12	16.10	15.21
1.15	47.70	40.89	35.78	31.89	28.62	26.01	23.85	22.02	20.44	19.08	17.89	16.84	15.90
1.20	49.78	42.67	37.33	33.19	29.87	27.14	24.89	22.98	21.32	19.91	18.67	17.57	16.60
1.25	51.85	44.45	38.89	34.58	31.11	28.28	25.93	23.94	22.21	20.74	19.45	18.30	17.29
1.30	53.92	46.23	40.44	35.96	32.36	29.41	26.96	24.90	23.10	21.57	20.23	19.03	17.98
1.35	56.00	48.01	42.00	37.34	33.60	30.54	28.00	25.85	23.99	22.40	21.01	19.76	18.67
1.40	58.07	49.78	43.55	38.72	34.85	31.67	29.04	26.81	24.88	23.23	21.78	20.50	19.36
1.45	60.15	51.56	45.11	40.11	36.09	32.80	30.07	27.77	25.77	24.06	22.56	21.23	20.05
1.50	62.22	53.34	46.67	41.49	37.34	33.93	31.11	28.73	26.66	24.89	23.34	21.96	20.75
1.55	64.29	55.12	48.22	42.87	38.58	35.06	32.15	29.68	27.54	25.71	24.12	22.69	21.44
1.60	66.37	56.90	49.78	44.26	39.82	36.19	33.18	30.64	28.43	26.54	24.90	23.42	22.13
1.65	68.44	58.67	51.33	45.64	41.07	37.32	34.22	31.60	29.32	27.37	25.67	24.16	22.82
1.70	70.52	60.45	52.89	47.02	42.31	38.45	35.26	32.56	30.21	28.20	26.45	24.89	23.51
1.75	72.59	62.23	54.44	48.41	43.56	39.59	36.30	33.51	31.10	29.03	27.23	25.62	24.20
1.80	74.66	64.01	56.00	49.79	44.80	40.72	37.33	34.47	31.99	29.86	28.01	26.35	24.89
1.85	76.74	65.79	57.55	51.17	46.05	41.85	38.37	35.43	32.87	30.69	28.79	27.08	25.59
1.90	78.81	67.56	59.11	52.55	47.29	42.98	39.41	36.39	33.76	31.52	29.56	27.82	26.28
1.95	80.89	69.34	60.66	53.94	48.54	44.11	40.44	37.34	34.65	32.35	30.34	28.55	29.97
2.00	82.96	71.12	62.22	55.32	49.78	45.24	41.48	38.30	35.54	33.18	31.12	29.28	27.66
2.25	93.33	80.01	70.00	62.24	56.00	50.90	46.66	43.09	39.98	37.33	35.01	32.94	31.12
2.50	103.70	88.90	77.78	69.15	62.22	56.55	51.85	47.88	44.42	41.48	38.90	36.66	34.58
2.75	114.07	97.79	85.55	76.06	68.45	62.21	57.04	52.66	48.87	45.62	42.79	40.26	38.03
3.00	124.44	106.68	93.33	82.98	74.67	67.86	62.22	57.45	53.31	49.77	46.68	43.92	41.49

PROCEEDS FROM SALES OF BOTTLE AND DRAFT BEER

TABLES 7 & 8

TABLE 7 — PROCEEDS ANTICIPATED FROM SALE OF ON-SALE BOTTLE BEER

(No overpour or spillage allowance)

Retail Price per Bottle	Case of 24 11 or 12oz Bottles	Case of 35 7 oz Bottles	Case of 36 7 oz Bottles
\$.30	\$ 7.20	\$10.50	\$10.80
.35	8.40	12.25	12.60
.40	9.60	14.00	14.40
.45	10.80	15.75	16.20
.50	12.00	17.50	18.00
.55	13.20	19.25	19.80
.60	14.40	21.00	21.60
.65	15.60	22.75	23.40
.70	16.80	24.50	25.20
.75	18.00	26.25	27.00
.80	19.20	28.00	28.80
.85	20.40	29.75	30.60
.90	21.60	31.50	32.40
.95	22.80	33.25	34.20
1.00	24.00	35.00	36.00
1.05	25.20	36.75	37.80
1.10	26.40	38.50	39.60
1.15	27.60	40.25	41.40

**TABLE 8 — PROCEEDS ANTICIPATED FROM SALE OF ½ KEG
(1,984 OUNCES) DRAFT BEER**

(No overpour or spillage allowance)

Size of Glass	Number of Glasses per 1/2 Keg (No Head)										
	330.7	283.4	248.0	220.4	198.4	180.4	165.3	152.6	141.7	132.3	124.0
	6	7	8	9	10	11	12	13	14	15	16
Sales Price											
\$.30	\$99.21	\$85.02	\$74.40	\$66.12	\$59.52	\$54.12	\$49.59	\$45.78	\$42.51	\$39.60	\$37.20
.35	112.44	99.19	86.80	77.14	69.44	63.14	57.86	53.41	49.60	46.31	43.40
.40	132.28	113.36	99.20	88.16	79.36	72.16	66.12	61.04	56.68	52.92	49.60
.45	148.82	127.53	111.60	99.18	89.28	81.18	74.39	68.67	63.77	59.54	55.80
.50	165.35	141.70	124.00	110.20	99.20	90.20	82.65	76.30	70.85	66.15	62.00
.55	181.89	155.87	136.40	121.22	109.12	99.22	90.92	83.93	77.94	72.77	68.20
.60	198.42	170.04	148.80	132.24	119.04	108.24	99.18	91.56	85.02	79.38	74.40
.65	214.96	184.21	161.20	143.26	128.96	117.26	107.45	99.19	92.11	86.00	80.60
.70	231.49	198.38	173.60	154.28	138.88	126.28	115.71	106.82	99.19	92.61	86.80
.75	248.03	212.55	186.00	165.30	148.80	135.30	123.98	114.45	106.28	99.23	93.00
.80	264.56	226.72	198.40	176.32	158.72	144.32	132.24	122.08	113.36	105.84	99.20
.85	281.10	240.89	210.80	187.34	168.64	153.34	140.51	129.71	120.45	112.46	105.40
.90	297.63	255.06	223.20	198.36	178.56	162.36	148.77	137.34	127.53	119.07	111.60
.95	314.17	269.23	235.60	209.38	188.48	171.38	157.04	144.97	134.62	125.69	117.80
1.00	330.70	283.43	248.00	220.40	198.40	180.40	165.30	152.60	141.70	132.30	124.00
1.05	347.24	297.57	260.40	231.42	208.32	189.42	173.57	160.23	148.79	138.92	130.20
1.10	363.77	311.74	272.80	242.44	218.24	198.44	181.83	167.86	155.87	145.53	136.40
1.15	380.31	325.91	285.20	253.46	228.16	207.46	190.10	175.49	162.96	152.15	142.60

METRIC STANDARDS FOR WINE AND DISTILLED SPIRITS

TABLES 9 & 10

Table 9 — Wine Metric Standards

Metric Size	Fluid Ounces	U.S. Size Near-Equivalent	Fluid Ounces	Bottles Per Case
3 Liters	101	Jeroboam	102.4	4
1.5 Liters	50.7	Magnum	51.2	6
1 Liter	33.8	Quart	32	12
750 Milliliters	25.4	Fifth	25.6	12
375 Milliliters	12.7	Tenth	12.8	24
187 Milliliters	6.3	Split	6.4	48
100 Milliliters	3.4	Miniature	2	60

There are no new metric equivalents for wines in the following U.S. sizes:

US Size	Fluid Ounces
One Gallon	128
Half Gallon	64
Pint	16

Table 10 — Distilled Spirits Metric Standards

Metric Size	Fluid Ounces	U.S. Size Near-Equivalent	Fluid Ounces	Bottles Per Case
1.75 Liters	59.2	½ Gallon	64	6
1 Liter	33.8	Quart	32	12
750 Milliliters	25.4	Fifth	25.6	12
500 Milliliters	16.9	Pint	16	24
200 Milliliters	6.8	½ Pint	8	48
50 Milliliters	1.7	Miniature	1.6	120